

Message Text

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ACTION EB-07

INFO OCT-01 EA-06 ISO-00 AID-05 L-02 CIAE-00 COME-00

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FM AMEMBASSY SEOUL

TO AMEMBASSY TAIPEI

INFO SECSTATE WASHDC 9839

USDA FAS

AMEMBASSY MANILA

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TAIPEI FOR AGATT

MANILA FOR AGATT

USDA/FAS/W FOR D. WILLIAMS, F. WOODLING, R. SPENCER

E.O. 11652: N/A

TAGS: EAGR

SUBJECT: COTTON CONTRACT PROBLEM - CCC CREDIT

REF: MANILA 5692

1. ONLY REFERENCE TO COTTON AGREEMENT IN KOREAN PRESS
WAS APRIL 30 KOREA TRADE NEWS (ENGLISH & VERNACULAR)
ARTICLE REPEATED AS FOLLOWS QUOTE \$75M MORE AVAILABLE
FROM CCC FOR RAW COTTON PURCHASE - SEOUL, APRIL 30 (KTN) -
THE COMMODITY CREDIT CORPORATION OF THE UNITED STATES HAS
AGREED TO PROVIDE ADDITIONAL \$75 MILLION TO KOREA FOR
THE PURCHASE OF RAW COTTON UNDER CONTRACTS CONCLUDED LAST
YEAR AND THIS YEAR, BOTH AUTHORITIES CONCERNED AND THE
COTTON SPINNING INDUSTRY SAID YESTERDAY. THEY SAID THE
AGREEMENT CAME AFTER FIVE DAYS OF TALKS BETWEEN THE
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VISITING U.S. COTTON MISSION AND REPRESENTATIVES OF THE

LOCAL COTTON INDUSTRY.

IN RETURN FOR THE ADDITIONAL FUND AID, THE SOURCES SAID, THE KOREAN SIDE HAS AGREED TO OPEN L/C'S IN THE ORDER OF CONTRACTS CONCLUDED IN THE PAST, REGARDLESS OF THE PRICE FLUCTUATION.

ACCORDING TO THE AGREEMENT, THE RAW COTTON TO BE DELIVERED TO KOREA BY THE END OF JULY THIS YEAR AGAINST CONTRACTS CONCLUDED BEFORE AUG. 1 LAST YEAR IS TO BE CLASSIFIED INTO GROUP A AND THAT TO BE DELIVERED BY THE END OF JULY THIS YEAR AGAINST CONTRACTS CONCLUDED DURING THE PERIOD AUG. 1 LAST YEAR THROUGH APRIL 19 THIS YEAR INTO GROUP B.

THE AGREEMENT CALLS FOR OPENING L/C'S BY THE END OF JUNE THIS YEAR FOR THE PURCHASE OF THE RAW COTTON WHICH WAS ORIGINALLY SCHEDULED TO BE DELIVERED TO KOREA BY THE END OF FEBRUARY THIS YEAR, CLASSIFIED INTO BOTH GROUPS A AND B. FOR THE PURCHASE OF THE RAW COTTON WHICH WAS ORIGINALLY SCHEDULED TO BE DELIVERED AFTER FEB 28 THIS YEAR. L/C'S MUST BE OPENED BY AUG. 30 THIS YEAR.

AS A RESULT, THE SOURCES SAID, KOREA WILL NOW RECEIVE A TOTAL OF \$175 MILLION FROM THE CCC FOR THE PURCHASE OF 600,000 BALES OF RAW COTTON THIS YEAR. THE U.S. SIDE HAS ALSO ASSURED THE KOREAN SIDE THAT IT WOULD CONSIDER AFTER JUNE 30 TO FILL ANY AMOUNT OF FUND SHORTAGE IN THE PURCHASE OF THE 600,000 BALES, THE SOURCE SAID.

THEY SAID THE CREDIT FUND WILL BE REPAID OVER A PERIOD OF THREE YEARS UNQUOTE.
SNEIDER

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